

April 14, 1992

Southern California Timing Assn. Inc.
c/o Chuck Kalbach
9930 Johnson Rd. #122
Phelan, Ca. 92371

Utah Salt Flats Racing Assn. Inc.
c/o Larry Volk
141 David Way
N. Salt Lake City, Utah 84054

Reilly Industries, Inc.
1510 Market Square Center
151 North Delaware St.
Indianapolis, Indiana 46204

LETTER OF INTENT

Gentlemen:

The above listed organizations hereby set forth their mutual understanding and intent in regard to their prospective joint venture in respect to the Bonneville Salt Flats, Tooele County, Utah:

1. Southern California Timing Assn. Inc. (SCTA), a California nonprofit corporation, has been sanctioning and administering amateur auto/motorcycle speed contests and record attempts on the northwest portion ("the raceway area") of the Bonneville Salt Flats since 1949. Utah Salt Flats Racing Association, Inc. ("USFRA"), a Utah nonprofit corporation, has been holding the same type of amateur events on the raceway area since 1975. Reilly Industries, Inc. ("Reilly"), an Indiana corporation, and its predecessors in interest, for over fifty years have been in the business of extracting potash and other minerals from portions of the Salt Flats south of the raceway area.
2. The parties have, together, commissioned a study by Bingham Engineering of Salt Lake City, which describes and discusses the feasibility of transferring deposits of sodium chloride, from the Reilly facility to the surface of the raceway area to increase the thickness of the salt crust. Bingham Engineering found the Project to be technically feasible and practical, as stated in a report issued in August 1991, amended October 1991, entitled "Feasibility Study- Bonneville Salt Flats International Raceway-Salt Laydown Project", ("the Bingham Report"), which is incorporated herein by reference.

LETTER OF INTENT (cont.) Page 2

In general, the proposed project ("the Laydown Project"), contemplates pumping brackish well water into Reilly's ponds to dissolve nearly pure sodium chloride which has accumulated therein over the years. The resulting brine solution is to be pumped each year during the racing off-season to the raceway area and permitted to flood some 28 to 34 square miles. Subsequent evaporation is expected to deposit crystalline salt to materially increase the thickness of the crust and offer substantial preservation, improvement, and control of the racing surface with no effect on the natural beauty of the Salt Flats.

3. To initiate, construct and operate the Laydown Project, the parties hereto intend to form, for the initial term of ten (10) years, a joint venture or corporation with the present working title of "Operation Salt". However, the parties agree that it will be most practical, efficient, and economical for the Laydown Project to be built and managed as much as possible as though it were an in-house operation of Reilly. Accordingly, Reilly is expected to act as General Contractor on the Project, in substance or in fact (or directly oversee an independent General Contractor), using Reilly personnel and equipment so far as possible with the right of the directors of Operation Salt to consult with Reilly on the direction of its work in general, and otherwise monitor the Project. It is anticipated that this approach will result in substantially less capital outlay for the project than the \$800,000-plus called for in the Bingham Report.

4. In principle, Reilly on the one hand, and SCTA, USFRA and possibly individual or corporate contributors from the racing community on the other, are each expected to contribute 50% of the required capital outlay and annual operating expense of the Project. The latter parties shall form a single entity among themselves to participate in Operation Salt as one joint venturer or partner with Reilly to raise funds with one voice. The form, structure, and ultimate name of this entity shall be determined by SCTA and USFRA, but for the purposes of this document the present working title is Salt Racers, Inc. ("Salt Racers"). The contribution of the parties may be in cash or in kind; for instance, Reilly contributing personnel and/or equipment as well as money as set forth below, and Salt Racers obtaining donations of money, equipment, electric power, and equipment to be credited to its account.

LETTER OF INTENT (cont.) Page 3

5. To simplify accounting and avoid disputes between Reilly and Salt Racers, the capital cost of the project is hereby deemed to be \$600,000, with any lesser cost or any overrun to be at Reilly's benefit or risk, whatever the case may be. Accordingly, Reilly's expected initial contribution of money, personnel, and equipment as far as Operation Salt is concerned shall be deemed to be \$300,000 in value. Because of the limited financial resources of Salt Racers, its contribution is cash or kind may be made over a three year period, with one-third to be paid when site work actually commences (as agreed on by the parties), with the balance to be paid in yearly installments of one-third or more on the annual anniversary date of the commencement of site work.

6. At formation, Reilly and Salt Racers shall each have an equal number of directors of Operation Salt. In the event either party (Reilly or Salt Racers) is unable to meet its funding obligation as stated in Paragraph 4 hereof and as a result thereof is in arrears on any anniversary date of the commencement of site work (which date shall determine the fiscal year of Operation Salt accounting) then for so long as such condition of arrears exists, the other party shall be entitled to name such additional directors of Operation Salt as shall give that party representation on the Board reasonably proportionate to its percentage of total cash and kind investment vis-a-vis that of the party in arrears. To the event, however, that the party in arrears has made up arrearage on any such anniversary date, the makeup of the Board at that time shall be re-adjusted in like fashion to reflect the fact.

7. As to the annual operating cost of the Project, Reilly and Salt Racers shall each be liable for 50% thereof. Any arrearage in either party's operating cost account, as found to be unpaid at the said annual anniversary date as provided above, shall be treated as an arrearage in its capital account to be handled as described above.

8. In any event, Reilly will not use any majority control it may gain in Operation Salt to interfere with the scheduling, administration, or financial status of traditional SCTA and USFRA amateur meets (rain dates), which are : USFRA July meet, SCTA/BNI Bonneville Nationals (Speed Week), USFRA World of Speed, and the SCTA/BNI World Finals. Fees charged to other events and uses of the raceway area shall be determined by the Board of Directors of Operation Salt, and the proceeds therefrom shall be applied first to Operation Salt's operating expenses for the fiscal year in which said

LETTER OF INTENT (cont.) Page 4

other event or use occurs, and any overage will be divided between the parties in proportion to their, then contributed, capital accounts.

9. Notwithstanding the provisions of the above paragraph, in the event Salt Racers shall fall more than \$150,000 in total arrears, in its original capital obligation and/or its accumulated share of annual operating costs, Reilly shall have the power to impose a reasonable surcharge on the racing activities listed above, with the proceeds thereof to be applied to reduce Salt Racers' arrearage. This surcharge shall be applied equally to all race or record meets, regardless of the party administering or sanctioning the same, on a formula of so much money per race vehicle per day of competition, and/or so much per pit pass or ticket per person per day until the arrearage shall be discharged. In no such instance shall Reilly have the power to dictate the scheduling, course layout program format or rules under which the race or record meet shall be run.

10. Reilly's obligations both as a party and as a General Contractor for Operation Salt shall not be discharged or released by any arrearages of Salt Racers, provided, however, that if the total capital expenditure to be required to implement Operation Salt reasonably appears to exceed \$800,000 this Letter of Intent shall be void and of no further effect.

11. SCTA and USFRA agree that any fee or surcharge which they may place on entries at each of their events in order to fulfill their financial obligations to Operation Salt shall be according to a formula applicable equally to all such events, namely, a certain amount of money per vehicle per day of competition, so much per pit pass or ticket per person per day, and an agreed-upon percentage of merchandise sales during each meet.

12. Since Salt Racers will be almost entirely dependent for its income on the proceeds of events held on the raceway area, except for its share of annual operating expenses, any financial obligation placed on Salt Racers hereunder shall be tolled and postponed during any year in which a majority of scheduled racing dates are cancelled by inclement weather or adverse course conditions (as actually occurred during flood conditions in 1982 and 1983). If during such a "lost season" Salt Racers falls in arrears in its share of annual operating expenses, Reilly agrees that such arrearage will

LETTER OF INTENT (cont.) Page 5

not be counted as a capital account arrearage (as provided in Paragraph 6 above) so long as Salt Racers shall be applying to its future meets an additional surcharge (effectively similar to that provided in Paragraph 9 above) at a level reasonably calculated to recover its operating cost arrearage for the "lost season" in three years.

13. Reilly will use good engineering practice in any work done pursuant to this Letter or subsequent agreements, and will not conduct its other activities so as to substantially negate or compromise the expected benefits of the Project.

14. Upon execution of this Letter, the parties hereto, will together use their best efforts to negotiate and obtain from the federal Bureau of Land Management ("BLM") an exclusive lease or license (or other mechanism satisfactory to them) in respect to the surface of the Salt Flats for a term of at least 10 years, which will provide during the term of the proposed Project.

- a) The right to implement and maintain the Project together with any necessary changes or additions.
- b) A guarantee to the constituent groups of the Salt Racers entity that they will have long term access to the raceway area for their traditional events on the same general terms as they have enjoyed in the past, subject to the provisions of Paragraph 9 and 12 above.
- c) Operation Salt veto power over uses of the raceway area and adjacent lands which are inconsistent with the aims of the Project.
- d) Receipt of the income from all uses of the raceway area to reimburse Operation Salt for its massive capital expenditure and expense in restoring and preserving the raceway area.

The parties understand such agreement with the BLM to be a condition precedent to the activities contemplated herein.

15. Each party hereto agrees to execute any more formal agreement, permit application, or other document necessary to effectuate the intent of this Letter. Any further agreement in connection with Operation Salt or Reilly's function as General Contractor may contain an arbitration clause to resolve any disputes which may arise.

LETTER OF INTENT (cont.) Page 6

16. Execution of this Letter of Intent does not waive any right, claim, cause of action, or any defense to any claim or cause of action which any party hereto may have against any of the others or the Federal Government in connection with their respective present activities or the rights of the public on or in respect to the Bonneville Salt Flats. However, so long as this Letter of Intent, any subsequent agreement between the parties, and/or the activities contemplated herein shall be in effect, no party will institute any legal or administrative action against the other without at least 30 days advance written notice to all parties hereto.

17: This Letter has been executed by the parties this 24 day of APRIL, 1992.

Southern California Timing Assn., Inc. By

Title

Utah Salt Flat Racers Assn. Inc. By

Title

Reilly Industries, Inc. By

Title

MW:

If state participated, it would take the role of Racers
in part or in whole - Reilly would not
do it to it.

Two requirements:

- 1- financing
- 2- access and control of the property